

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:
FRANCHISE GROUP, INC., *et al.*¹
Debtors.

Chapter 11
Case No. 24-12480 (LSS)
(Jointly Administered)

**AMENDED VERIFIED STATEMENT OF THE
AD HOC GROUP OF FIRST LIEN LENDERS
PURSUANT TO BANKRUPTCY RULE 2019**

In connection with the chapter 11 cases (the “Chapter 11 Cases”) of the above-captioned debtors in possession (the “Debtors”), Paul Hastings LLP (“Paul Hastings”) and Landis Rath & Cobb LLP (“Landis” and, together with Paul Hastings, “Counsel”) hereby submits this amended verified statement (the “Amended Verified Statement”) pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in connection with Counsel’s representation of an ad hoc group (the “Ad Hoc Group of First Lien Lenders”) of holders, or investment advisors,

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

sub-advisors, or managers of discretionary accounts that hold (i) term loans (the “First Lien Term Loans”) outstanding under that certain First Lien Credit Agreement, dated as of March 10, 2021, among Franchise Group, Inc., as lead borrower, the other borrowers and guarantors party thereto, Wilmington Trust, National Association (as successor to JPMorgan Chase Bank, N.A.), in its capacity as successor administrative agent and successor collateral agent, and the lenders party thereto from time to time, as amended, restated, amended or restated, supplemented, or otherwise modified from time to time; (ii) term loans (the “Second Lien Term Loans”) outstanding under that certain Second Lien Credit Agreement, dated as of March 10, 2021, among Franchise Group, Inc., and the other borrowers and guarantors party thereto, Alter Domus (US) LLC, in its capacity as administrative agent and collateral agent, and the lenders party thereto from time to time, as amended, restated, amended or restated, supplemented, or otherwise modified from time to time; (iii) term loans (the “HoldCo Term Loans”) outstanding under that certain Credit Agreement, dated as of August 21, 2023, among Freedom VCM, Inc., as borrower, Freedom VCM Interco, Inc., as holdings, Alter Domus (US) LLC, in its capacity as administrative agent and collateral agent, and the lenders party thereto from time to time, as amended, restated, amended or restated, supplemented, or otherwise modified from time to time; and/or (iv) (a) new money term loans (the “New Money DIP Loans”) and/or (b) roll up term loans (the “Roll Up DIP Loans”) outstanding under that certain Senior Secured Super-Priority Priming Term Loan Debtor-In-Possession Credit Agreement, dated as of November 7, 2024, among Franchise Group, Inc., as lead borrower, the other borrowers and guarantors party thereto, Wilmington Trust, in its capacity as administrative agent and collateral agent, and the lenders party thereto from time to time, as amended, restated, amended or restated, supplemented, or otherwise modified from time to time.

1. On or around May 13, 2024, the Ad Hoc Group of First Lien Lenders retained Paul Hastings as counsel in connection with potential negotiations and transactions related to the Debtors. Each member of the Ad Hoc Group of First Lien Lenders has consented to Paul Hastings's representation.

2. On or around October 3, 2024, the Ad Hoc Group of First Lien Lenders retained Landis as counsel in connection with potential negotiations and transactions related to the Debtors. Each member of the Ad Hoc Group of First Lien Lenders has consented to Landis's representation.

3. On November 5, 2024, Counsel filed the *Verified Statement of the Ad Hoc Group of First Lien Lenders Pursuant to Bankruptcy Rule 2019* [Docket No. 77]. Subsequently, the members of the Ad Hoc of First Lien Lenders and the disclosable economic interests such members hold in relation to the Debtors have changed. Accordingly, pursuant to Bankruptcy Rule 2019, Counsel submits this Amended Verified Statement.

4. The members of the Ad Hoc Group of First Lien Lenders are either the beneficial holders of, or the investment advisors or managers to, funds and/or accounts that hold disclosable economic interests in relation to the Debtors. In accordance with Bankruptcy Rule 2019, attached hereto as **Exhibit A** is a list of the names, addresses, and nature and amount of each disclosable economic interest in the Debtors held by each member of the Ad Hoc Group of First Lien Lenders as of February 5, 2025 (as certified to Counsel by each member of the Ad Hoc Group of First Lien Lenders). The information contained in **Exhibit A** is based upon information provided by each member of the Ad Hoc Group of First Lien Lenders to Counsel and is subject to change.

5. As of the date of this Amended Verified Statement, Counsel represents only the members of the Ad Hoc Group of First Lien Lenders and does not represent or purport to represent any persons or entities other than the Ad Hoc Group of First Lien Lenders in connection with the

Chapter 11 Cases. In addition, as of the date of this Amended Verified Statement, the Ad Hoc Group of First Lien Lenders does not, either collectively or through its individual members, represent or purport to represent any other persons or entities in connection with the Chapter 11 Cases.

6. The information contained in this Amended Verified Statement and Exhibit A attached hereto is intended only to comply with Bankruptcy Rule 2019 and is not intended for any other purpose. Nothing contained in this Verified Statement (or Exhibit A hereto) is intended to or should be construed as (i) a waiver or release of any claims against the Debtors or any other entity held by any member of the Ad Hoc Group of First Lien Lenders, (ii) an admission with respect to any fact or legal theory, or (iii) a limitation or waiver of any rights of any member of the Ad Hoc Group of First Lien Lenders, including, without limitation, the right to assert, file and/or amend any proof of claim in accordance with applicable law and any orders entered in these Chapter 11 Cases.

7. The information contained in Exhibit A is based upon information provided by the applicable members of the Ad Hoc Group of First Lien Lenders. Counsel does not make any representation regarding the validity, amount, allowance, or priority of such claims, and reserves all rights with respect thereto. Counsel does not own, nor have they ever owned, any claims against or interests in the Debtors, except for claims for services rendered to the Ad Hoc Group of First Lien Lenders. Counsel reserves the right to amend and/or supplement this Amended Verified Statement in accordance with the requirements set forth in Bankruptcy Rule 2019.

Dated: February 6, 2025
Wilmington, Delaware

Respectfully submitted,
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*Counsel to the Ad Hoc Group of First Lien
Lenders*

CERTIFICATE OF SERVICE

I certify that on February 6, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the District of Delaware.

/s/ Matthew B. McGuire
Matthew B. McGuire